

ROUTING

Top Secret

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NATIONAL INTELLIGENCE DAILY CABLE

Friday 28 July 1978

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NATIONAL SECURITY INFORMATION

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National Intelligence Daily Cable for Friday, 28 July 1978.

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The NID Cable is for the purpose of informing senior US officials.

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LEBANON: Situation Report

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[] *The situation in the Beirut area has been quiet since yesterday morning. Syria is apparently moving new artillery and antiaircraft guns into Lebanon, and the Lebanese Government has announced plans to move some troops into the UN-policed area in southern Lebanon soon.*

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[] Lebanese President Sarkis yesterday ordered additional internal security forces to man checkpoints between Syrian forces and the Christian militias in Beirut. Other security forces were to take up positions near Hadath, the Christian suburb southeast of the city where the most recent clashes have occurred.

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[] //The Syrians have moved additional military equipment into Lebanon but apparently no additional troops. The US defense attache in Damascus saw a Syrian convoy of about 50 pieces of artillery and antiaircraft artillery on its way to Lebanon on Wednesday.//

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[] //The arrival of new artillery indicates that the Syrians continue to rely on a strategy of heavy bombardment of Christian sectors when provoked by the Christian militias. The antiaircraft guns may be intended to help defend Syrian artillery positions and supply depots against Israeli airstrikes in the event the Israelis decide to intervene in support of the Christians.//

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[] //Lebanese Prime Minister Huss announced on Wednesday that Lebanese Army troops would deploy to the UN area "within days." Such a move would certainly please the UN, which is concerned that the mandate for its peacekeeping force in Lebanon will be difficult to renew if there is no official Lebanese presence in the area. In June, the Syrians promised to support the movement of Lebanese Army forces to the south by encouraging the Palestinians to permit the Lebanese to transit Palestinian-controlled territory.// []

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RHODESIA: Clashes in Salisbury

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[] *The clashes between Rhodesian police and guerrillas in the environs of Salisbury late last week--the first in the*

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capital area since the war began--point to the growing difficulties the police are having in maintaining control in the black townships around the city. The incidents have scotched the idea that Salisbury is far from the fighting and doubtless have had an adverse effect on white morale.

25X1 [] In the first incident, last Friday, one guerrilla was captured while trying to rob a beer hall. The next day, three guerrillas were killed and one captured in two sweep operations by the police in a second township. In the Rhodesian fighting, as in many guerrilla wars, the distinction is blurred between guerrilla military action and criminal actions.

25X1 [] Until now, guerrilla action has taken place in the countryside but, with the increasing number of blacks moving into urban townships throughout Rhodesia to escape the fighting in rural areas, guerrilla activity is likely to follow. The more crowded the townships become, the more social resources will become strained, and the police will have increasing difficulty maintaining control and monitoring the population.

25X1 [] Highfield Township, where two of the clashes took place, is a focal point for black political activity. Bishop Muzorewa, a member of the transition government, has drawn impressive crowds at political rallies there. Highfield is also where Joshua Nkomo of the Zimbabwe African People's Union got his political start and where ZAPU's now-legal internal wing maintains its headquarters.

25X1 [] As the time of elections draws near and political activity picks up, Highfield in particular is likely to be faced with serious unrest stemming both from social disruption and from guerrilla agitation.

25X1 [] The public statement by a captured guerrilla that a six-man assassination squad from ZAPU is in Salisbury to kill the leaders of the transition government will add to the white unease generated by the recent incidents in Salisbury, even though they have no apparent relation to the assassination threat. []

PORTUGAL: Government Crisis

Portuguese President Eanes yesterday dismissed Prime Minister Soares following consultations on Wednesday with the military's Revolutionary Council. Eanes must now appoint a new prime minister to replace Soares, who does not feel he can continue in a caretaker role. This process could be prolonged, but Eanes realizes that many of the positive effects of the previous government could be lost if he does not move soon. Eanes will try to avoid new elections, which probably could not be held before December.

Under Portugal's constitution, if the government's program were rejected, the President would have to dissolve the legislature and call a new election in accordance with the election law in force, but Portugal currently has no such law, and, in this situation, it would have no legislature to pass a law. //The President's next step thus will probably be to convene the legislature for the express purpose of writing an election law.//

//Eanes would like to replace Soares as soon as possible and may take steps to circumvent the problems posed by the lack of an election law--such as direct public appeals and behind-the-scenes maneuvering to assure legislative approval. He may also appoint a "provisional government" to administer the country as caretaker until an election is held. Eanes would hope in this instance that the government's program would not technically have to be submitted for legislative approval and would gain enough support eventually to eliminate the need for an early election.//

//It will probably take five or six months to prepare for an election, and this will give Eanes a chance to explore a number of possibilities. There is even a chance that, as partisan emotions fade, the political parties will come to their own agreement on a government. The prospect of an election, which none of them wants, could spur them on.//

[] Eanes appears to be fed up with party maneuvering, however, and somewhat uncharacteristically may not wait for the parties to reach accord. He recognizes that a stable government is essential to the success of Portugal's economic recovery. With a stable government, Portugal would also have a stronger hand when discussions on its entry into the Common Market begin this fall. []

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WEST GERMANY: Stimulation Package

[] The West German cabinet has tentatively agreed on a \$5 billion to \$6 billion economic stimulation package for 1979, according to a government spokesman. The program, to be completed at today's cabinet session, will be submitted to parliament when it reconvenes in mid-September.

[] The new stimulation equals somewhat less than 1 percent of GNP, roughly in line with Chancellor Schmidt's commitment at the July economic summit. The package is said to include \$3.5 billion in net tax cuts, \$1.25 billion to \$1.5 billion in increased family allowances, and \$375 million in additional expenditures for research and development. A further tax cut of \$3.5 billion is scheduled for 1980.

[] Schmidt's stimulation package faces an uncertain future in parliament. Considerable log-rolling will be required to reconcile widely divergent interests within the government and between it and the opposition parties. Crucial state elections are scheduled for Hesse in early October, and the tax cut issue will thus become highly politicized. As was the case last fall, accommodation of partisan interests may ultimately require a larger stimulation package than Schmidt is proposing.

NICARAGUA: Positions Polarized

[] As the Somoza government and the opposition forces in Nicaragua become increasingly polarized, the chances of a peaceful political accommodation diminish. The opposition is convinced that Somoza will not negotiate in good faith, and no single group is willing to engage in a dialogue with him

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[REDACTED]

for fear of losing its credibility. For his part, the President believes that practically no concession short of resignation would satisfy his opponents.

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[REDACTED] The anti-Somoza forces have refused either to participate in a nonpartisan investigation of the assassination in January of opposition leader Pedro Joaquin Chamorro or to accept the validity of a government inquiry. Because the government was probably not directly responsible for Chamorro's murder, the opposition would evidently rather have the crime remain unsolved than lose what has to date been its strongest rallying cry.

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[REDACTED] The opposition movement draws continuing incentive, if not unity, from the sporadic clashes that provide several new martyrs almost every week. It has failed, however, to develop a coordinated campaign against the government. The recent return from exile of "the Twelve"--a group of respected, mostly apolitical oppositionists--failed to ignite the disordered anti-Somoza movement, although the group is still propagandizing. The one-day national strike on 19 July was about 60 or 70 percent effective, but it added no real impetus to the opposition's campaign.

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[REDACTED] The President believes his opponents view government concessions as signs of weakness rather than as acts of good faith to promote a national dialogue. If he were to agree to advance the schedule for the 1981 presidential election, for example, it would probably convince the opposition that they had Somoza on the run and encourage them to press even harder.

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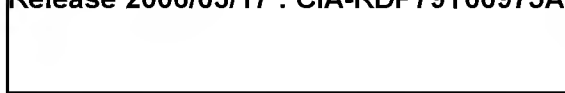
[REDACTED] Each new clash will seem to confirm the opposition's belief that the government is completely dependent upon knee-jerk repression, just as it will convince Somoza and his followers that they are facing a Communist-inspired campaign of violence and subversion. [REDACTED]

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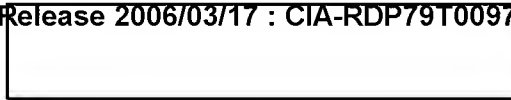
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CUBA: World Festival of Youth

 Cuban President Fidel Castro is likely to deliver a major address to the nine-day World Festival of Youth and Students, which opens today in Havana. He may again criticize the US and China for their opposition to Cuba's foreign policy, as he did in his anniversary speech on Wednesday.



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[] The Cubans want the festival--which has the theme of "anti-imperialist solidarity"--to have an air of legitimacy and consider it a prelude to next year's nonaligned summit, which will also be held in Cuba. Non-Communist youth groups and members of legal political parties are preeminent on the guest list. //The government is determined, however, that there will be only limited contact between its own protected young population and the 16,000 to 20,000 invited visitors.//

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[] Cuban officials are concerned that it will be difficult to control the activities of a number of students coming as individual tourists. The authorities fear possible sabotage by the CIA or Cuban exile terrorist groups and have taken extraordinary security measures in Havana and imposed stringent travel restrictions.

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[] There nevertheless could be some embarrassing moments. The Ethiopians, for example, are sending a large delegation, but the Eritreans and the Somalis will also be represented.

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[] Cuba stands to gain considerable international prestige and score a propaganda triumph if the festival comes off without a major incident. []

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BRIEFS

China-Vietnam

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[] China is recalling its two evacuation ships that have been anchored off the Vietnamese coast for the past month. Vietnam's agreement earlier this week to a Chinese proposal for talks at the vice-ministerial level on the issue of ethnic Chinese in Vietnam clearly provided China with a face-saving excuse for withdrawing the ships. The talks will begin in Hanoi on 8 August. The two sides have also agreed to adjourn the month-long consular-level talks over evacuation procedures following today's session. []

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Ethiopia

25X1 [] Ethiopian Government forces driving north yesterday linked up with forces from the Asmara garrison, thereby relieving the nine-month siege of the Eritrean capital. The Ethiopian drive began on 20 June about 100 kilometers south of Asmara and met only scattered resistance from forces of the Eritrean Liberation Front along the way.

25X1 [] The ease of the Ethiopian advance suggests that the Eritreans have decided not to confront the more powerful Ethiopian forces but will resume guerrilla attacks on the road when the situation permits. [] 25X1

Peru

25X1 [] The Peruvian constituent assembly, which was elected on 18 June, convenes today to begin drawing up a new constitution--the next step in fulfilling the military's promise to return the country to civilian rule by 1980.

25X1 [] Some Peruvian leaders--both civilian and military--view the assembly as a transitional parliament that might be empowered to enact legislation. The details of cooperation between the military government and the assembly, however, remain to be worked out.

25X1 [] Responsibility for bringing the assembly into line will fall to its 83-year-old president, Victor Haya de la Torre, whose American Popular Revolutionary Alliance holds 37 of the 100 seats. Haya's job will be complicated by the presence of a number of far-left assemblymen who have vowed to disrupt the proceedings of the assembly and to use it as a forum to attack government policies. [] 25X1

Namibia-UN

25X1 [] The UN Security Council last night adopted resolutions calling for an independent Namibia and integration of Walvis Bay into its territory. The UN action calls for the appointment of a special representative for Namibia to ensure early independence through free elections. The additional Security Council request that the disputed Walvis Bay area be

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given to Namibia and that South Africa be barred from any political or economic interference with the area pending independence drew a sharp response from South African Foreign Minister Botha. South Africa, Botha indicated, rejects the Walvis Bay resolution, which was not a part of the Western proposals, and says its adoption might endanger final South African acceptance of the whole agreement. UN Secretary General Waldheim had been planning to send a team to the area to work out the details for implementing the proposed agreement.

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